

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 /096 W
-----311744Z 125299 /50

R 311709Z JAN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5190
INFO USMISSION OECD PARIS
USMISSION USUN NEW YORK
USMISSION EC BRUSSELS

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TAGS: EAID, GW
SUBJ: 1977 FRG AID BUDGET

1. SUMMARY: IN A RECENT CABINET DECISION THE FRG HAS ESTABLISHED A TENTATIVE AID BUDGET WHICH CONTINUES THE DETERIORATION IN THE FRG'S OFFICIAL DEVELOPMENT ASSISTANCE (ODA) TO GNP RATIO. THE BUDGET, HOWEVER, ALSO CALLS FOR SIGNIFICANT NEW AID COMMITMENTS. THE NEW ECONCOOP MINISTER, FRAU SCHLEI, HAS REPORTEDLY RECEIVED ASSURANCES THAT THE 1978 AND 1979 AID BUDGETS WILL STAY ABOVE THE 0.3 PERCENT OF GNP LEVEL AND THAT, BEGINNING IN 1980, THE GNP PERCENTAGES WILL START TO CLIMB AGAIN. END SUMMARY.

2. THE CY 1977 FRG AID APPROPRIATIONS BUDGET HAS BEEN TENTATIVELY SET AT DM 3,176 MILLION. THIS IS A 5.6 PERCENT INCREASE OVER 1976 FOR THE ECONCOOPMIN. OTHER OFFICIAL FLOWS (OOF) FIGURES ARE NOT YET AVAILABLE. THIS CABINET BUDGET DECISION COULD BE REVISED BY THE BUNDESTAG WHEN IT TAKES UP THE AID
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BUDGET, PROBABLY IN MARCH. HOWEVER ANY CHANGE WILL PROBABLY BE MARGINAL, SINCE THE OVERALL BUDGET REFLECTS HARD-FOUGHT COMPROMISES BETWEEN THE TWO GOVERNING PARTIES AND AMONG THE VARIOUS MINISTERS.

3. THE AID OBLIGATIONAL AUTHORITY FOR 1977 HAS BEEN SET AT DM 5,825.9 MILLION. THIS IS A SUBSTANTIAL

INCREASE OVER 1976 BUT INCLUDES, HOWEVER, DM 2 BILLION
FOR THE FIFTH IDA REPLENISHMENT. A BREAKDOWN OF THE
OBLIGATIONAL 1977 BUDGET FOLLOWS:

CAPITAL AID DM 2,600 MILLION

TECHNICAL AID
(NARROWLY DEFINED) 475 "

OTHER GRANTS 324 "

IDA 2,000 "

OTHER MULTILATERAL 426.9 "

TOTAL DM 5,825.9 "

4. OF THE "OTHER MULTILATERAL" CATEGORY SOME OF THE
MAJOR INDIVIDUAL ITEMS ARE AS FOLLOWS:

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WORLD BANK DM 120 MILLION

| | | |
|------|------|---|
| IFC | 74 | " |
| ADB | 64.7 | " |
| IFAD | 93.4 | " |

5. MOST FRG PLEDGES TO MULTILATERAL AGENCIES WILL BE IN THE FORM OF PROMISSORY NOTES IN 1977 AND THEREAFTER. THE FULL COMMITMENT OR PLEDGE MADE IN 1977, HOWEVER, IS CONSIDERED PART OF THE 1977 OBLIGATIONAL BUDGET.

6. THE UNDP APPROPRIATION (DM 81 MILLION) HAS BEEN TENTATIVELY SET PENDING ANY EVIDENCE THAT THE FRG COMMITMENT IS OUT OF LINE WITH OTHER DONOR COMMITMENTS. (THE FRG DOES NOT WANT TO LAG BEHIND IN ITS UNDP LIMITED OFFICIAL USE

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SHARE.) THE UNDP CONTRIBUTION IS PART OF THE DM 3,176 MILLION APPROPRIATION BUDGET FOR THE ECONCOOPMIN.

7. THE FEDERAL FINANCE MINISTER IS TRYING TO KEEP TO A VERY TIGHT BUDGET THIS YEAR AND THE AID BUDGET MANAGED TO HOLD ITS OWN, ALTHOUGH THE ODA TO GNP RATIO SHOULD FALL AGAIN IN 1977. THE "FRANKFURTER ALLGEMEINE" CARRIED A REPORT THAT FRAU SCHLEI (THE NEW ECONCOOP MINISTER PRESENTLY ON A TRIP TO THE U.S.) HAS RECEIVED ASSURANCES THAT, IN RETURN FOR HER ACCEPTANCE OF THIS YEAR'S BUDGET, THE ODA TO GNP RATIO WOULD SHOW REAL GROWTH BEGINNING IN 1980. SHE REPORTEDLY ALSO HAS ASSURANCES THAT THE ODA TO GNP RATIO WILL NOT FALL BELOW 0.3 PERCENT DURING THE TRANSITION YEARS OF 1978 AND 1979. HOWEVER, SINCE MUCH OF THE AID "PIPELINE" (THE AMOUNT OF COMMITMENTS OVER DISBURSEMENTS) WILL BE COMING DUE IN 1980, A RISE IN THE AID BUDGET WILL BE NECESSARY IN ANY EVENT. STOESEL

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Message Attributes

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